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FISCAL IMPACT STATEMENT

LS 6977

BILL NUMBER: HB 1347

NOTE PREPARED: Feb 2, 2006

BILL AMENDED: Jan 31, 2006

SUBJECT: Various Education Matters.

FIRST AUTHOR: Rep. Messer

FIRST SPONSOR: Sen. Lubbers

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Dropouts:* This bill adds financial hardship and illness to the reasons a student may withdraw from high school before graduating. It requires a student who seeks to withdraw from school before reaching 18 years of age or graduating to sign a written acknowledgment that the student and the student's parent or guardian understand that withdrawing from school is likely to reduce the student's future earnings and increase the student's likelihood of being unemployed in the future. The bill requires the Department of Education to develop guidelines for a school corporation to follow in implementing the written acknowledgment.

Annual Report: The bill requires the following information to be included in a school's annual report: (1) The number of student work permits revoked. (2) The number of student driver's licenses revoked. (3) The number of students suspended for any reason. (4) The number of students who have not advanced to grade 10 due to a lack of completed credits. (5) The number of students receiving international baccalaureate degrees. (6) The number of students participating in a school flex program. It requires an annual review of a student's career plan and requires remediation programs if needed.

Compulsory Attendance: The bill allows an excused absence for a student who attends an educationally related nonclassroom activity, and requires each school corporation to: (1) maintain a record of such activities; and (2) report the information to the Department of Education annually.

Fast Track to College Program: The bill allows Ivy Tech Community College of Indiana and Vincennes University to offer Fast Track to College Programs in which a qualified student may earn a high school diploma while also earning credits for a certificate program, an associate's or a baccalaureate degree. Other state

educational institutions may also establish a Fast Track to College Program. The bill requires a school corporation to pay the tuition for high school diploma courses taken by certain students who are less than 19 years of age.

University Reporting: The bill requires each state supported college and university to report annually to the Commission for Higher Education and the Legislative Council: (1) financial aid availability; and (2) attendance and graduation rates; of students who are Indiana residents.

Diploma: The bill allows, beginning with the 2006-2007 school year, a student to graduate from high school without passing the graduation examination, subject to certain requirements.

Dual Credits: The bill establishes the double up for college dual high school-college credit program. It requires high schools to offer at least two dual credit and advanced placement courses each year to high school students who qualify to enroll in the courses.

Effective Date: (Amended) July 1, 2005 (Retroactive), Upon Passage, July 1, 2006.

Explanation of State Expenditures: (Revised) *Dropouts:* Allowing students to only withdraw from school for financial hardship or illness may decrease the number of students who dropout. The number of students that withdraw from schools for reasons other than financial hardship or illness is unknown. Depending on the school formula and the number of students that may stay in school, the state could have an increase in school formula expenditures. For CY 2007, the additional state cost of a student is about \$5,362. Over the last 5 years about 7,500 students dropped out annually. If the bill reduces the number of dropouts by 10% (or retained these children in school), then the increase in the school formula would be about \$4.0 M. The school formula has a maximum state expenditure in a calendar year. If the school formula distributes more than the maximum, then the distribution is proportionately reduced so the distribution does not exceed the maximum. If the school formula distribution is reduced, then there could be a shift in formula dollars from one school corporation to another.

Developing guidelines for a school corporation to follow in implementing the written acknowledgment about the impact of withdrawing from school should not increase have a significant impact on the Department of Education.

Fast Track to College Program: The bill establishes the Fast Track to College program where a student taking college classes would also get credits toward a high school diploma. Allowing 11th and 12th grade students to earn credits toward a high school diploma while earning credits for a certificate program or an associate's degree from Ivy Tech Community College of Indiana, Vincennes University, or approved state educational institutions could increase expenditures by these colleges depending on the number of courses required for the high school diploma taken that are not required for the certificate or degree. These expenses might be offset by tuition charged. The institutions would have to waive tuition for students who are eligible for free or reduced lunch in high school. It is unknown how many students would qualify for free tuition.

Courses offered under the program must be listed in the:

1. Statewide core transfer library courses that are transferable on all campuses; or
2. Articulation agreements that apply to any campus in the Ivy Tech State College and to the Vincennes University and draw from liberal arts and the technical, professional, and occupational fields.

Background: For 2005-2006, the cost of a 3-credit-hour class for Ivy Tech College is \$252.85 and is \$337.29 for Vincennes University.

Diploma: The bill requires the State Board of Education to adopt rules so that a student that earns an International Baccalaureate Degree is eligible to receive an Academic Honors Diploma. Students that are eligible for state scholarships receive 100% of the award if they have an Honors Diploma and a portion of the award for other diplomas. The impact would depend on the number of student receiving state scholarships with an International Baccalaureate Degree and not an Honors Diploma.

University Reporting: The impact of universities reporting to the state the financial aid availability and attendance and graduation rates; of students who are Indiana residents could have some cost in developing the reports, but the costs should be minor.

Dual Credit: Requiring high schools to offer at least two dual credit and advanced placement courses each year to high school students who qualify to enroll in the courses could increase state costs. The state currently pays for advance placement courses. The current appropriation for advance placements tests is \$894,400. The appropriation provides for about 15,000 tests.

It is unknown how much these provisions might increase state expenditures. State colleges could also have increased costs due to providing dual credit courses to local schools. The additional costs would be covered from tuition revenue and any increase in the higher education formula. Additional state expenditures would be subject to appropriation.

Explanation of State Revenues:

Explanation of Local Expenditures: *Dropouts:* Allowing students to only withdraw from school for financial hardship or illness reasons may decrease the number of students that drop out. The number of students that withdraw from schools for reasons other than financial hardship or illness is unknown. Schools could have some increased costs due to the possible increase in enrollment.

Annual Report: The addition of the six items to the annual report could increase the cost of compiling the report. The increase in expense is probably minor.

Compulsory Attendance: The provisions of the bill should have minor, if any, fiscal impact on schools.

Fast Track to College Program: The bill allows 11th and 12th grade students to earn credits toward a high school diploma while earning credits for a certificate program or an associate's degree from Ivy Tech Community College of Indiana, Vincennes University, or approved state educational institutions. The school may chose to pay a potion of the tuition at the college.

Diploma: The bill allows a student to receive a diploma without passing the graduation qualifying examination if:

1. The course and credit requirements for a general diploma are met.
2. The student completes a workforce assessment.
3. The student completes at least one career exploration internship, cooperative education, or workforce

credential.

Dual Credit: Requiring high schools to offer at least two dual credit and advanced placement courses each year to high school students who qualify to enroll in the courses could increase the administrative expenses of schools. The state currently pay for advance placement tests. However schools may need to reallocate or hire teachers qualified to offer these courses.

Background on Current Level of Advanced Placement Participation: From school year 1998-1999 to school year 2002-2003 (most recent year of data available), AP participation increased yearly among 11th and 12th grade public students.

School Year	Students Tested (11 th and 12 th Grade)	Public Enrollment (11 th and 12 th Grade)	Annual % Increase (Students Tested)	Annual % Increase (Enrollment)
2002-2003	11,804	132,309	13.6%	1.4%
2001-2002	10,394	130,444	5.1%	(0.1%)
2000-2001	9,885	130,589	2.9%	(1.5%)
1999-2000	9,607	132,583	6.2%	(0.5%)
1998-1999	9,049	133,294	-	-

Explanation of Local Revenues:

State Agencies Affected: Department of Education; Ivy Tech Community College of Indiana; Vincennes University.

Local Agencies Affected: School Corporations.

Information Sources: Department of Education databases.

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